

Joint Meeting of Public Works and Finance Committees
Wednesday, January 7, 2004

Chairman Dwyer called the meeting to order at 11:18 a.m.

Haukohl reported that a quorum of the Finance Committee was present. Manke reported that a quorum of the Public Works Committee was present.

Present from the Finance Committee: Chair Patricia Haukohl, County Board Supervisors James Behrend, Donald Broesch, Genia Bruce, Joseph Griffin, Bonnie Morris and Joe Marchese.

Present from the Public Works Committee: Chair Richard Manke, County Board Supervisors James Behrend, Genia Bruce, Karl Nilson, Rodell Singert and David Swan. Absent: Hank Carlson

Also Present: County Board Chairman Jim Dwyer, Corporation Counsel Tom Farley, Chief of Staff Lee Esler, Legislative Policy Advisor Mark Mader, Budget Specialist Linda Witkowski, Office Services Coordinator Windy Jicha.

Ordinance 158-O-124: Assignment of Cedarhurst Air Charter, Inc. Lease to Quad/Air, Inc.

ON THE MOTION: Marchese moved, Manke second, to approve Ordinance 158-O-124: Assignment of Cedarhurst Air Charter, Inc. Lease to Quad/Air, Inc.

Farley said Cedarhurst Air Charter, Inc. is out of business. This ordinance allows the lease to be reassigned from Cedarhurst Air Inc. to Quad/Air Inc. It is basically the same lease except for the inclusion of item three from the Federal District Court's "Stipulation and Order for Dismissal."

Nilson asked if the change in the lease causes a loss of revenue for the county? Farley said no.

Farley distributed a new fiscal note for the ordinance for committee review.

Haukohl said she had questions dealing with page three paragraph three of the attachments. Farley said the final agreement only deals with paragraph three and none of the other stipulations. It was determined at this point that the committee should have received two exhibits instead of one in order to be fully informed.

Dwyer asked what part of the ordinance attachments are we taking to the Board? Farley said only one paragraph of the attachment was changed so that is what we are taking to the Board.

Mader asked if this document is on file with the County Clerk? Farley said yes. Mader asked if it were available if he went to the Clerk's office now? Farley said he would take the document to the County Clerk after the meeting. It will be on file the date the ordinance is passed. Farley said the lease is exactly the same except for the \$28,000 credit provided under paragraph three of the stipulation.

Marchese asked if there were any other changes or money involved in this agreement? Farley said no. If the Board wants to amend this lease they will have to take it through the committee/board process again. This is a five-year lease with two additional five-year agreements.

Dwyer said we need to amend the ordinance to make it agree with what is really occurring. Farley said no we don't need to amend the ordinance. We need to update the Board. Farley said the face page of the ordinance is correct.

Esler read from the original stipulation and order for dismissal in the lease. He said there are five conditions, four of which are no longer relevant. One issue is still relevant. The new version has condition three incorporated in the lease stating that Quad/Air can purchase the hangar with a \$28,000 credit provided by the county. Only the third paragraph of the stipulation is being proposed by Farley to be incorporated into the new lease.

Singert said he needed more information on the \$28,000. Farley said the Board agreed to the \$28,000 credit, which was negotiated with Quad as part of the agreement. He doesn't remember what the basis for this number is any longer. It was discussed at length during the settlement and was a negotiated figure. The amount was part of the settlement after federal and state lawsuits were dismissed. The settlement was the right thing to do for the circumstances. The agreement offered a \$28,000 credit if they decided to purchase the building within five years. We are into the fourth year of the lease. They can only use the credit if the building is purchased during the first five years of the lease.

Broesch said APW North America, Inc. took over the hangar after Cedarhurst left and then when tough times came, APW North America, Inc. wanted out of the lease. Part of the settlement said that Cedarhurst would take over the lease from APW North America, Inc. The APW North American, Inc. lease was reassigned to Cedarhurst. Now Cedarhurst is going out of business and reassigning the lease to Quad. Broesch asked why didn't we negotiate a new lease with the new parties? Farley said the easy answer is that a new lease would reopen all the terms of the lease. Neither party wants to reopen all the terms of the lease. Broesch said he is questioning why we don't have a new lease with Quad/Air, Inc.? Farley said the lease gives the holder the ability to reassign the lease to another party.

Broesch said if something should go awry with Quad/Air, Inc. we could have legal troubles with Cedarhurst Air Charter, Inc. and APW North America, Inc. Farley said he would rather have more parties involved rather than one. Farley said practically speaking Broesch is right. It is in best interest of the county to have more parties involved.

Behrend said supporting this amendment just supports the decisions we've made in the past. It is fine to acknowledge the credit. The credit is out there to help entice the company to buy the building.

Singert asked why do we have to agree to give the \$28,000 credit to Quad/Air, Inc.? Dwyer said the credit was part of the lawsuit agreement. To back out of the lawsuit agreement wouldn't put the county in good light. Singert said this lease is not with Cedarhurst but with Quad. Dwyer said the lease is with the same people but under a different business name.

Nilson said we should remember that Quad is a good business in Waukesha County. If we try to take away the \$28,000 credit, it could open up a lot of new problems.

Esler said the lease is not the mere reassignment of names. There is a difference. One item in the stipulation was to provide a fuel saddle at the fuel farm or a credit of \$40,000 for a fuel truck filtration system. This is not being incorporated into the new lease with Quad. The difference is there is \$40,000 risk if Quad decides to fuel outside of the fuel farm. This is why we have a new fiscal note.

Nilson said this new agreement gives us \$40,000 less exposure.

Farley said we won't go there. The lease talks about an offer to purchase the hangar and the credit toward purchase. The impact on the stipulation for the option for dismissal is speculative. There is impact but he can't tell the committee what the impact will be. He doesn't know if we are still liable for the \$40,000 to cover fuel related items.

Singert asked what is the county responsible for, \$28,000 or \$40,000? Farley said we could be responsible for the \$40,000. Singert asked if through the lease transfer, would we have loose ends that the county could be liable for? Farley said the stipulation and order for dismissal was with Cedarhurst. He isn't sure what the status of the agreement is because Cedarhurst is gone. This isn't an issue with this ordinance.

Singert asked if the cost of the sale of the hangar is still negotiable? Farley said no, the price is in the lease. Singert asked if the reassignment of the lease still has the same five-year terms. Farley said yes.

Mader said the Board would get a white copy of the new fiscal note. The difference between the yellow-copied fiscal note and the new fiscal note is a missing sentence. Supervisors will notice the difference. Are we correct to believe that something has changed? Farley said the original fiscal note was in error and that is why there is a revised version.

Farley said the change in the fiscal note was made because the Board enacted an offsite and underground fueling ordinance. All of the issues in the stipulation have been addressed by the Board with the exception of the \$28,000 credit. That's not to say that Cedarhurst won't come back with a valid stipulation for dismissal and the county may or may not be held legally liable. Farley said he isn't sure we need to go there because it would open old wounds. There's no reason for them to waive off all the other agreements.

Griffin asked are there any other revisions in the other lines of the agreement? Dwyer said the County Board office staff would get white-copied changes of the handouts and fiscal note to the Board.

Broesch said he wanted to make it clear that he was not recommending renegotiating the lease in his past comments. He thought we should rewrite paragraph three and sign off on it. He doesn't know if we are responsible for the \$40,000 for fuel related items. Farley said Cedarhurst may request this but the business is no longer together. Quad has not expressed any interest in having an above ground tank. Farley said the \$40,000 is only in the stipulation; it is not in the original lease.

Esler said the assignment of lease would have to be white-copied and sent out to board members. The assignment refers to two exhibits and the yellow-copies only included one exhibit so it is confusing. The ordained paragraph of the ordinance may have to be reworded because of the phrase "as of this date" so when the ordinance is published people won't get confused with what the actual date is. Farley said "as of this date" refers to the date the Board acts on the ordinance.

Esler said shouldn't we take out the phrase "as of this date" and instead put in the phrase "hereby agreed to" so as not to confuse the public? Farley "as of this date" refers to the date the board acts on the ordinance. It doesn't need to be changed because it isn't confusing.

ON THE MOTION: Motion carried by the Finance Committee 7-0. Motion carried by the Public Works Committee: 6-0.

Motions to Adjourn

MOTION: Broesch moved, Behrend second, to adjourn the Finance Committee meeting at 12:10 p.m.

Motion carried: 7-0.

MOTION: Singert moved, Swan second, to adjourn the Public Works Committee meeting at 12:10 p.m.

Motion carried: 6-0.

Respectfully submitted,

Genia C. Bruce
Public Works Committee Secretary